

Payment Gateway Solution Assessment
SC Office of the State Treasurer – Banking Division

State agencies desiring to accept online payments will need to acquire the services of a payment gateway vendor. A payment gateway supports an e-commerce application that allows an agency's clients to initiate payments online via the web. The method of payment is typically via a merchant card (credit card or debit card) but can also be via a bank draft (ACH originated debit).

There is no one solution that meets every agency's needs. An assessment of the agency's business requirements is needed first. The assessment will assist the agency in choosing the best payment gateway solution, and may be useful if the issuance of an RFP is needed.

Additionally, there is no single statewide contract for payment gateway services that agencies are required to utilize. However, there are two statewide contracts that offer ancillary payment gateway services, under which gateway services could be subscribed to on an optional basis and without an additional procurement process:

- SunTrust Merchant Services for merchant card processing (STMS)
- SC Interactive for Web portal services (SC.Gov)

The selection of a payment gateway vendor should be based primarily upon the overall features offered by the gateway service (e.g., consumer interface, payer authentication, invoice presentment, A/R updating, payment checkout, etc.). Who the vendor uses as payment processors (card processor and ACH originating bank) should be considered as well. The utilization of the state's merchant card payment processor by the gateway vendor is preferable.

A payment gateway vendor other than STMS or SC Interactive would be considered a third-party gateway provider. Services obtained from a third-party vendor would normally require the agency to undergo a procurement process. The agency's depository bank may also be a consideration, from cash management and operational efficiency perspectives.

Options for payment gateway services therefore fall into three categories:

- First Data solution under statewide Merchant Card Contract (STMS)
 - PayPoint – Pricing in accordance with STMS contract
 - Payeezy – Pricing in accordance with STMS contract
- Web Portal solution under SC.Gov with SC Interactive contract
- Third-Party solution acquired under an agency's initiated procurement process

Following are elements of an analysis that will assist an agency when comparing the features of each payment gateway option.

	Determination to be made	Consideration	Response
Payment Types			
1	What is the nature of the payments being accepted?	One-time or repetitive? License renewal, penalty payment, fees, tuitions, etc.	
2	What are the transaction volumes and frequencies of payments?	Annually, monthly, as needed, etc.	
3	What type of payments will be allowed?	Credit cards, debit cards, and/or bank draft	

4	If card payments allowed, how will merchant fees be paid?	Agency can absorb fee, or convenience fee be levied to customer; statute authorization if fee levied by the agency	
5	If cards allowed, who will be considered the “merchant of record”?	If First Data’s PayPoint or Payeezy utilized, the agency is merchant of record; If SC.Gov gateway utilized, SC Interactive is merchant of record; In case of third-party vendors, the designation varies; If levying convenience fee, best if agency is not the merchant of record; The merchant of record incurs most of the PCI responsibility	
6	What brands and types of cards will be accepted?	Visa and MasterCard are common; Discover, Amex, and Pin-less debit requires extra setup	
Hosting of Consumer Website and Payment Engine			
7	Will the payment engine be hosted on the agency’s website or on the vendor’s website?	Payment check-out for cards is normally always hosted on the vendor’s web site; Payment check-out for ACH could be either	
8	Will the consumer interface be hosted on the agency’s website or hosted on the vendor’s website?	Hosting on vendor’s website is complete outsourcing, with website appearing to belong to the agency, and requires A/R records to be maintained and updated daily by the agency; Hosting on the agency’s website normally involves an API	
9	If consumer interface is hosted on agency’s website, for payment, will interface be by secure iFrame or an URL redirect to vendor’s website?	URL redirect has less PCI compliance implications for the agency	
Payment Processors – Third-parties			
10	What vendor will be the processor for card authorization and processing?	First Data’s PayPoint and Payeezy, and SC.Gov gateway utilizes the statewide contract through STMS; In case of third-party vendors, the utilization of STMS is required unless a business case is given (e.g., convenience fee is levied or compatibility with accounting system)	
11	What vendor will be the processor for ACH origination?	First Data’s PayPoint utilizes TeleCheck; SC.Gov gateway utilizes Wells Fargo; In case of third-party vendors, the utilization varies; It is possible for ACH files to be transmitted directly to agency’s bank if consumer interface is hosted by agency and agency can created ACH file.	
12	If a third-party vendor is utilized, is its gateway certified to be processed through STMS for cards?	The following third-party gateways are currently known to be utilized by SC agencies with STMS: TouchNet Payment,	

		Pure Payments Services, Trustcommerce, BridgePay Network Solutions, Authorizenet, Plug n' Pay, Cybersource	
13	If a new gateway is needed to replace an outdated gateway?	There are gateways currently supported by STMS that are no longer available to new subscribers: YourPay and First Data Global Solutions; Both have been replaced with Payeezy; Agencies should consider newer gateways that have more enhanced features	
14	Will a store front / shopping cart application be needed?	Some gateways include a shopping cart, while others require integration with a separate vendor supplied application	
Authentication - Profiles			
15	Will the agency require a client to be authenticated before making a payment?	It is highly recommended that all users be authenticated in order to reduce fraudulent transaction	
16	Does agency currently have a profile allowing log-on to the agency's website with client authentication?	Some agencies already provide a client profile allowing client to perform actions other than making a payment; If so, authentication can be at the client level	
17	If agency does not provide "client-authenticated" log-on, does agency have ability to authenticate by using "transaction-authentication" (e.g., invoice number, license number, etc.)?	An attempted payment must match certain challenge data elements to an open A/R database, maintained either by agency or by the gateway vendor. Should have at least two challenge elements.	
18	Will an enrollment feature be needed with a client's profile?	Feature allows client to maintain a profile on the gateway (not with the agency) with a username and password	
19	Will agency utilize card's security code verification feature?	May incur additional cost	
20	Will agency utilize card's address verification feature (street number, telephone, zip code)?	May incur additional cost and result in higher reject rate	
A/R Database			
21	Does agency maintain a database of open A/R transactions?	An open A/R transaction is associated with an invoice or notice having been issued	
22	How will the agency's A/R database be updated if payment is made online?	Updating could be by batch next day, or possibly during day online	
23	How will the agency's A/R database be updated, if made online, or made offline?	Agency will receive some payments directly by check that must be deleted from the gateway's open A/R file	
24	Are there any requirements or accounting system compatibility issues regarding updating the agency's A/R records with payments reported by the gateway?	Some payment gateways are more compatible with certain accounting systems (e.g. Banner and PeopleSoft used by universities); Configuration may be needed on SCEIS to identify daily deposit	

25	Will invoice summary presentment be offered?	Allows client with a profile to view multiple invoices that are open for payment	
26	Will client be able to view history of payments?	Viewing history ability requires an enrollment feature	
27	Will payment scheduling be offered?	Allows client with a profile to set up a schedule of payments to be automatic when due date arrives	
Transaction Processing			
28	How will payments received over a weekend be handled?	Web applications are normally open 24/7	
29	Will a client be allowed to, or prohibited from, making a partial payment?	Partial payments are generally not recommended, but can be configured	
30	What will be the cut-off time for payment?	Cut-off time must consider card processor's and ACH bank's cut-off times	
31	How will returns be handled?	Card returns are different than returns of bank drafts; Returns may settle through the gateway vendor or directly with the agency's bank	
32	Will agency need to use a virtual terminal for card-present transactions and mail order / telephone order (MOTO)?	Agency may desire to enter payment on behalf of client; Some PCI implications for agency if used as a virtual terminal	
33	Will agency have point-of-sale terminals that are connected to the gateway?	POS terminals could continue to be processed separate from the e-commerce solution, or connected to the gateway	
Technology			
34	If POS terminals are connected to the gateway, is EMV (chip card) technology supported by the gateway?	EMV capable should be required for POS terminals?	
35	Does both the PCI Data Security Standard (PCI-DSS) and the Payment Application Standard (PA-DSS) apply?	As a service provider, the PCI-DSS applies to the vendor's processes; The vendor's payment engine (software or middleware) is subject to being PA-DSS compliant	
36	What type of encryption or tokenization is desired?	Some gateways provide end-to-end encryption (E2E) and some point-to-point encryption (P2P); Payeezy offers TransArmor for tokenization and E2E.	
Costs			
37	What are the implementation costs and the maintenance costs?	Costs vary from solution to solution	
38	What are the per item costs?	There could be multiple transaction related costs	
39	What are the add-on costs?	Each optional feature occurs separate costs	

Links to statewide payment gateway solutions:

Payeezy

https://www.firstdata.com/en_us/products/small-business/all-solutions/payeezy.html

<http://webprod.cio.sc.gov/SCContractWeb/contractDetail.do?contractNumber=4400011556>

PayPoint

https://www.firstdata.com/en_us/customer-center/financial-institutions/paypoint.html

<http://webprod.cio.sc.gov/SCContractWeb/contractDetail.do?contractNumber=4400011556>

SC.Gov

<http://www.sc.gov/Pages/default.aspx>

<http://webprod.cio.sc.gov/SCSolicitationWeb/solicitationAttachment.do?solicitnumber=5400007500>